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MACLEODS *Golden* ANNIVERSARY

50  
YEARS

*Gamble Macleod Limited*

ANNUAL REPORT 1966

For the year ended 31st, January 1967



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# GAMBLE MACLEOD LIMITED

1530 GAMBLE PLACE, WINNIPEG 19, MANITOBA

204-  
453-9511

## DIRECTORS

J. B. CHEYNE  
B. F. DAVIDSON  
P. C. FIKKAN  
B. C. GAMBLE  
A. G. KIRKNESS  
C. C. RAUGUST

B. F. RUTHERFORD  
R. B. SUTHERLAND  
J. W. TACKABERRY  
HON. G. S. THORVALDSON, Q.C.  
S. P. WOOLEVER

## OFFICERS

A. G. KIRKNESS, *President*  
J. B. CHEYNE, *Vice-President for Merchandising*  
P. C. FIKKAN, *Vice-President for Operations*  
J. L. MACDONALD, C.A., *Vice-President and Treasurer*  
W. R. TEMPLIN, *Vice-President and Secretary*  
J. W. TACKABERRY, *Vice-President*  
C. C. RAUGUST, *Vice-President*  
B. F. DAVIDSON, *Assistant Secretary*  
B. F. RUTHERFORD, *President, Macleods*  
R. B. SUTHERLAND, *President, Marshall Wells Limited*  
S. P. WOOLEVER, *President, Stedmans*

## BUYING OFFICES

1530 Gamble Place, Winnipeg 19, Manitoba  
1395 Ellice Avenue, Winnipeg 21, Manitoba  
136 Portland Street, Toronto 2B, Ontario  
1118 Ste. Catherine St. W., Montreal

## BANKERS

The Bank of Nova Scotia  
Winnipeg, Manitoba — Toronto, Ontario

## TRUSTEES

Macleod Stedman Limited  
6 $\frac{1}{4}$ % Sinking Fund Debentures

Montreal Trust Company  
Winnipeg, Manitoba — Toronto, Ontario

Macleod's Store Properties Limited  
6 $\frac{1}{4}$ % Series A, 5 $\frac{7}{8}$ % Series B  
First Mortgage Sinking Fund Bonds

Canada Permanent Trust Company  
Winnipeg, Manitoba — Toronto, Ontario





ARNOLD G. KIRKNESS  
*President, Gamble Macleod Limited*

## *To Our Shareholders*

The sales figures which we commend to your attention on page 13 of this report reflect the position of your company as one of the major retail merchandising operations in Canada. It gives us pleasure that the record sales indicated for the year ended 31 January, 1967 coincide with the commencement of the fiftieth anniversary of Macleod Division.

This report is dedicated as a congratulatory message to Macleods on this occasion. The report also indicates, of course, the record of continued profitable operations in all major sales divisions of the company. Retail sales are now made at 265 company owned and 638 franchised stores from Newfoundland to Vancouver Island totaling 903 outlets.

Gamble Macleod Limited progressed in coordinating and uniting service functions for all merchandising divisions during the year. Buyers in each division are now buying for one or more of the other divisions eliminating duplications and achieving a larger specialized group than would be possible in any single division. This program is directed by Mr. J. B. Cheyne, Vice-President for merchandising. It establishes good quality control and consolidation of receipt and re-shipment of merchandise. This permits lower prices to our customers. Plans were made also for improvement in warehousing and distribution programs through committees directed by Mr. P. C. Fikkan, Vice-President for Operations, which will provide a solid base for future expansion of business.

The Canadian standard of living continues to move higher. Together with population growth, this will strengthen consumer demand for goods and services and will cause changes in consumer buying habits. Your company intends to remain in the forefront in the retail industry through cost reduction that will be achieved by consolidating and coordinating service functions in all merchandising divisions. By careful attention to better methods of distribution, more economic methods of handling merchandise and good control of operating costs at all levels of the business and all the basic mechanics of retailing we intend to achieve continuing favorable earnings and growth. Aggressive sales and merchandising programs in all divisional retail stores will combine with improved mechanics to provide better service to our customers.

Through the continued assistance, support and cooperation of our suppliers, our franchised dealers and the officers and employees of all departments, divisions and companies we are confident our goals will be achieved.

On behalf of the Board,

*A. G. Kirkness*  
President

# Review of the Year

The following pages include brief comments on the results detailed in the financial statements and of the President of each operating division. Consolidated sales for the year totaled \$175,451,794 an increase of 11% over the previous year. Net income after taxes was \$5,483,012 down \$1,288,506 from the fiscal year 1966 but representing an increase of \$453,949 or 9% after adjusting for inter-company dividends received in the prior year. Earnings have been retained in the company to provide for future growth.

Recognizing the important part played by employees in total results, record contributions were made by the company to the Profit Sharing Pension Plans maintained for employees which, over and above contributions to the Canada Pension Plan, totaled \$964,890 for the year compared with \$920,670 for the previous year. Total value of Trust Funds in all divisions of Gamble Macleod Limited at February 1, 1967 was \$10,704,282. These funds continue to be invested in a broadly diversified group of securities of Canadian Governments and Corporations.

During the year Mr. P. C. Fikkan was appointed Vice-President for Operations of Gamble Macleod Limited and the number of Directors of the company was increased from ten to eleven. Mr. R. B. Sutherland, President of Marshall Wells Limited, was elected to the Board.

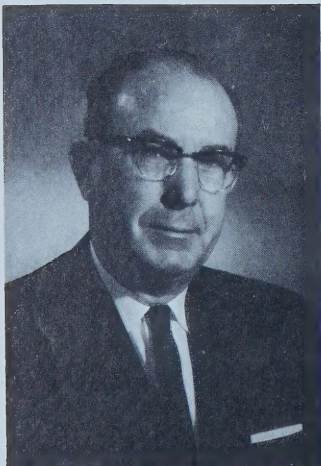
Financial statements for the company's real estate subsidiary, Macleod's Store Properties Limited, have been consolidated this year.

Growth Acceptance Corporation Limited, the company's finance Subsidiary, continued to grow as a result of continued increases in credit sales. Installment contracts owned by Growth Acceptance at 31 January, 1967 totaled \$17,554,688 an increase of \$2,430,798 or 16.1% following a 42.9% increase in the previous year.





**MACLEODS**  
Division of  
**MACLEOD STEDMAN**  
Limited



**B. F. RUTHERFORD**  
*President*

At the start of its 50th Anniversary year Macleods looks back on 1966 as an exciting year—a year of continued expansion, development and customer service. In reviewing the year's activities and results, President B. F. Rutherford noted many new accomplishments.

A new sales record was established showing an increase of 12.9% over the previous year. These sales provided a new high level of income from operations which increased 12.4% over fiscal 1966.

The largest of Macleods' Family Shopping Centres was opened at Saskatoon during the year. This store provides 44,000 square feet of modern shopping space featuring a two hundred foot retractable wall providing free access from the plaza court into the store. This is the first open wall concept west of Toronto.

To support merchandising activities Macleods presented their first colorful Christmas catalogue. A gift packed book of values mailed directly to 740,000 homes. Other programs introduced during the year which will be of continuing benefit in the future include the institution of a fleet of Macleods semi-trailer trucks to speed merchandise from warehouse to stores and a new educational program to aid in store level training of employees.

During the year eight new stores were opened and enlargement or relocation of sixteen existing stores increased total sales floor area 12% over the previous year.

Growth continued in the franchise store operations of the company. During the year six new dealer outlets were opened. Ten dealers completed major expansions of their store premises. Together these developments increased square foot selling space in franchise stores by 8% over the previous year. The present year will see continued progress in this part of the company's program with two new dealer stores having already opened for business.

There are now 231 branch and dealer stores bearing the Macleods name in Western Canada.

In 1967, Canada's centennial year, Macleods will celebrate fifty years of service to Western Canadians. Under the guidance of President Rutherford and his nine-man Board of Management, aggressive merchandising programs and the continuing development of Family Shopping Centres, will set the pace in both urban and rural areas.



**STEDMANS**  
Division of  
**MACLEOD STEDMAN**  
Limited



**S. P. WOOLEVER**  
*President*

Continuing development of the Variety Department Store concept together with continued diversification of merchandise lines was successful in making 1966 a record year. Sales increased 11.4% and income from operations was 32.9% over results obtained in the previous fiscal year. Emphasizing such department store lines as major appliances, furniture, house furnishings, sporting goods, and men's, women's and children's ready to wear clothing played a major part in total sales increase. In addition photographic and cosmetic departments have been installed in the larger stores. At the same time, traditional variety store lines merchandise were vigorously promoted. The blend of department store lines and variety store lines, well displayed and advertised, has found ready acceptance with customers.

Expansion of retail premises continued the past year. Seven stores were enlarged and three new stores opened. One of the new openings presented 40,000 square feet of shopping space to customers and another 30,000 square feet, sufficient to accommodate all new lines of merchandise. There are now 24 stores operating as Variety Department Stores in towns or suburban shopping centres throughout Canada in addition to 122 Variety Stores. In all of the enlarged and new stores, lunch counters or cafeterias have been installed and this service is now offered customers in 30 retail operations.

Throughout the company's franchised dealer division the program of expansion has also been continuing. Twenty-three franchised stores were remodelled and/or expanded last year with the largest of these offering 30,000 square feet of sales floor area to its customers. There were 203 franchised units operating at the year end.

Plans were also completed during the year which will lead to the construction of a new warehouse and office building in Toronto which will be in operation by 1968. In anticipation of these new facilities a feasibility study is being carried out to determine the advisability of the installation of an electronic data processing system. Present warehouse operations are being reviewed and streamlined in anticipation of an affirmative decision.

Planning for the future includes three new stores to be opened in the coming year and five to be enlarged. Four of these will be Variety Department Stores.

With the enthusiastic leadership provided by Mr. S. P. Woolever and his Management Board Stedmans looks forward with confidence to further increases in sales and profits for the coming year.



# MARSHALL WELLS Limited



R. B. SUTHERLAND  
*President*

The pattern of expansion and growth accelerated during the first complete year as a division of Gamble Macleod Limited. Mr. R. B. Sutherland, recently elected President, reported that 7 new Marshall Wells dealers were opened and 2 new company stores were added. At the year end 283 franchised and 36 corporate stores were in operation.

Entry into furniture marketing on a broad scale contributed substantially to better results in the retail store division.

The program initiated in 1965 of specializing industrially in lines and warehouse operations has proven a success. Two branches were converted to specialized industrial plants during the year. Continued steps are planned along similar lines for the coming year.

Construction generally, and house building particularly, suffered a decline in the last half of 1966 but the flexibility of industrial business permitted the consequent effects to be overcome by directing efforts to primary and secondary industries such as mining, manufacturing and pulp operations.

Refined programs for the control of inventories and receivables were applied throughout the year. In spite of significant increases in the volume of business the level of investment was well maintained in these two classes of assets.

A close study was made of more profitable utilization of properties and certain units were either successfully disposed of or transferred into income producing assets through favorable leases. These steps provided a release of valuable capital funds for use in retail development and expansion programs together with a reduction in operating costs.

The expansion program is kept under close review and is maintained in balance with the availability of funds for the purpose. The coming year will see continued growth in both franchised and company owned retail outlets.

A specific plan has been set up to emphasize uniformity in operations and appearance of all Marshall Wells stores. The benefits of this will be felt by both franchise dealers and the company through increased efficiency of operations, an image of solidarity, an even greater impact in the market place and the consequent mutual improvement in profitability.

The year 1966 has shown a sales increase of 7.5% and an increase in net profit of 31.0% over the previous period.

Using the present foundations and adding to it the plans and programs formulated for 1967 another year of continued growth and improvement is indicated.





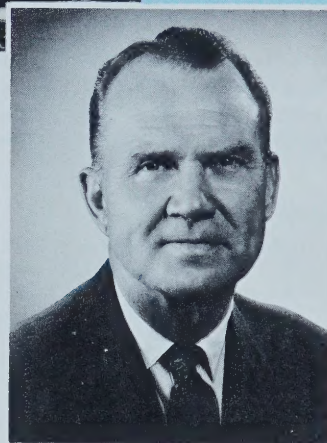
## CLARK'S-GAMBLE OF CANADA LIMITED

Record sales and earnings were achieved in the year as the company continued to win new customers in its urban operations. Merchandise lines continued to be up graded and broader assortments carried to meet customer demands. The advantages of free parking and evening shopping have strong appeal for the urban and suburban residents of Canadian cities which are again reflected in total results. During the year jewelry, millinery and photography departments in all stores were converted to company operations with a beneficial impact on sales.

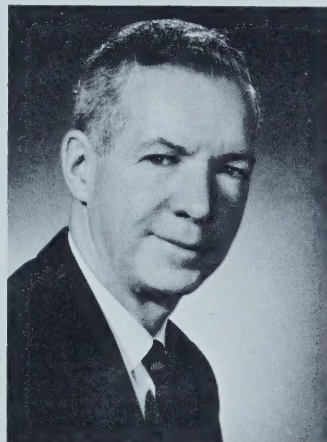
Total sales increased 15.9% over the previous year following a 40% increase in sales that year. After tax profit increased 51.5%. With four highly successful years now completed energetic plans for expansion are being prepared. A fifth unit will be opened in Oshawa, Ontario during the coming year. The end of the year was marked by the retirement of Mr. H. O. Edwards, General Manager for Clark's. Your Board extends to him sincere appreciation for his contribution to the success of the company.

## GAMBLE DRUGS LIMITED

In its first complete year of operation, progress has been made in this new field of marketing. Sales of pharmaceutical, health and beauty aids, cosmetics, patent medicine and other related items are made to independent retail pharmacies, dispensaries, clinics, hospitals and institutions, on a wholesale basis. Final plans have now been completed that will permit the Company's "Super Thrifty" independent retail franchise program to get underway in the coming year. This plan will provide the independent retail druggist with a complete merchandising program which will enable him to compete favorably in his own neighborhood market against larger chain organizations.



P. C. FIKKAN, Vice-President,  
*Clark's Gamble of Canada Limited*



J. B. CHEYNE  
*President, Gamble Drugs Limited*



# GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheet

January 31, 1967 with comparative figures for 1966

### ASSETS

| CURRENT ASSETS:                                                                                                                                                                                                                       | 1967         | 1966         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Cash on hand and in banks .....                                                                                                                                                                                                       | \$ —         | \$ 618,739   |
| Customers' charge and installment accounts<br>less allowance for doubtful accounts and<br>unearned interest \$1,766,587 (1966 - \$1,502,184) .....                                                                                    | 10,598,252   | 6,202,919    |
| Note receivable — installment due within one year .....                                                                                                                                                                               | 50,000       | —            |
| Inventories valued at the lower of cost or market .....                                                                                                                                                                               | 43,583,405   | 39,783,406   |
| Prepaid expenses .....                                                                                                                                                                                                                | 335,678      | 242,927      |
| Total current assets .....                                                                                                                                                                                                            | 54,567,335   | 46,847,991   |
| Refundable special tax .....                                                                                                                                                                                                          | 248,004      | —            |
| NOTE RECEIVABLE — 3%, payable \$50,000 per annum 1967 to 1973<br>and balance in 1974, secured by shares having an<br>estimated value in excess of the carrying value of the<br>investment, less installment due within one year ..... | 795,250      | 1,045,250    |
| INVESTMENTS:                                                                                                                                                                                                                          |              |              |
| Wholly-owned subsidiaries not consolidated at<br>cost plus undistributed earnings:                                                                                                                                                    |              |              |
| Macleod's Store Properties Limited .....                                                                                                                                                                                              | —            | 871,592      |
| Growth Acceptance Corporation Limited .....                                                                                                                                                                                           | 648,494      | 606,067      |
| Other at cost .....                                                                                                                                                                                                                   | 858,151      | 864,994      |
|                                                                                                                                                                                                                                       | 1,506,645    | 2,342,653    |
| LAND, BUILDINGS, EQUIPMENT AND LEASEHOLD IMPROVEMENTS:                                                                                                                                                                                |              |              |
| Buildings and equipment at cost less accumulated<br>depreciation \$10,604,875 (1966 - \$8,308,527) .....                                                                                                                              | 17,349,290   | 9,907,360    |
| Leasehold improvements at cost less amounts amortized .....                                                                                                                                                                           | 703,841      | 632,019      |
| Land at cost .....                                                                                                                                                                                                                    | 3,480,547    | 1,495,821    |
|                                                                                                                                                                                                                                       | 21,533,678   | 12,035,200   |
| DEFERRED CHARGE — unamortized discounts on debentures .....                                                                                                                                                                           | 861,275      | 805,813      |
| EXCESS OF COST OF SUBSIDIARIES OVER EQUITY AT DATE OF ACQUISITION .....                                                                                                                                                               | 8,935,750    | 8,814,630    |
|                                                                                                                                                                                                                                       | \$88,447,937 | \$71,891,537 |



## LIABILITIES

| CURRENT LIABILITIES:                                                                                                              | 1967         | 1966         |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Bank loan (secured) .....                                                                                                         | \$ —         | \$ 2,700,000 |
| Outstanding cheques less cash in banks .....                                                                                      | 669,056      | 1,767,531    |
| Accounts payable and accrued liabilities .....                                                                                    | 10,263,302   | 8,610,952    |
| Provision for contributions to retirement security plan .....                                                                     | 992,971      | 933,115      |
| Gamble-Skogmo, Inc. — parent company .....                                                                                        | 6,494,676    | 13,620       |
| Provision for income taxes .....                                                                                                  | 3,365,029    | 2,860,758    |
| Portion of long-term debt due within one year .....                                                                               | 413,845      | 15,201       |
| Total current liabilities .....                                                                                                   | 22,198,879   | 16,901,177   |
| LONG-TERM DEBT:                                                                                                                   |              |              |
| Promissory note (Note 8) .....                                                                                                    | 3,185,094    | —            |
| 6¼% promissory note — Canadian equivalent of<br>U.S. \$8,200,000 (Note 1) .....                                                   | 8,866,250    | 8,866,250    |
| 6¼% sinking fund bonds (Note 6) .....                                                                                             | 840,000      | —            |
| 6% sinking fund debentures (Note 4) .....                                                                                         | 5,000,000    | 5,200,000    |
| 6% sinking fund debentures (Note 3) .....                                                                                         | 15,000,000   | 15,000,000   |
| 5⅞% sinking fund bonds (Note 7) .....                                                                                             | 2,565,000    | —            |
| Mortgages .....                                                                                                                   | 25,420       | 40,621       |
|                                                                                                                                   | 35,481,764   | 29,106,871   |
| Less portion due within one year .....                                                                                            | 413,845      | 15,201       |
|                                                                                                                                   | 35,067,919   | 29,091,670   |
| MINORITY INTEREST IN CAPITAL AND SURPLUS OF SUBSIDIARIES (Note 5) .....                                                           | 211,601      | 412,164      |
| SHAREHOLDERS' EQUITY:                                                                                                             |              |              |
| Capital stock:                                                                                                                    |              |              |
| Cumulative redeemable participating first preference shares of<br>a par value of \$20 each. Authorized 140,000; none issued ..... | —            | —            |
| Class "A" non-voting shares without nominal or par value.<br>Authorized 740,000 shares; issued 290,000 shares .....               | 72,500       | 72,500       |
| Class "B" shares without nominal or par value.<br>Authorized 10,000 shares; issued 10,000 shares .....                            | 2,500        | 2,500        |
| Consolidated earned surplus .....                                                                                                 | 30,894,538   | 25,411,526   |
|                                                                                                                                   | 30,969,538   | 25,486,526   |
|                                                                                                                                   | \$88,447,937 | \$71,891,537 |

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

C. C. RAUGUST, *Director*

A. G. KIRKNESS, *Director*

# GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

## Statement of Consolidated Income

Year ended January 31, 1967 with comparative figures for 1966

|                                                               | 1967          | 1966          |
|---------------------------------------------------------------|---------------|---------------|
| NET SALES                                                     | \$175,451,794 | \$125,674,019 |
| OPERATING INCOME BEFORE CHARGING THE UNDERNOTED EXPENSES .... | 20,118,219    | 14,730,864    |
| DEDUCT:                                                       |               |               |
| Directors' remuneration .....                                 | 326,907       | 194,281       |
| Legal expenses .....                                          | 97,139        | 56,262        |
| Depreciation .....                                            | 1,750,063     | 1,199,700     |
| Amortization of leasehold improvements ...                    | 71,974        | 69,143        |
|                                                               | 2,246,083     | 1,519,386     |
| OPERATING INCOME ...                                          | 17,872,136    | 13,211,478    |
| OTHER INCOME:                                                 |               |               |
| Dividends .....                                               | 15,000        | 2,124,911     |
| Net income of wholly-owned subsidiaries:                      |               |               |
| Macleod's Store Properties Limited ..                         | —             | 167,044       |
| Growth Acceptance Corporation Limited .....                   | 62,427        | 45,948        |
| Interest earned .....                                         | 91,160        | 154,437       |
|                                                               | 168,587       | 2,492,340     |
|                                                               | 18,040,723    | 15,703,818    |
| OTHER CHARGES:                                                |               |               |
| Provision for bonuses .....                                   | 1,069,226     | 979,273       |
| Provision for contributions to retirement security plan ....  | 1,034,260     | 842,234       |
| Interest — long term debt .....                               | 1,963,847     | 1,564,017     |
| Interest — other .....                                        | 1,077,476     | 242,398       |
| Sundry non-operating expenses .....                           | 337,963       | 162,360       |
|                                                               | 5,482,772     | 3,790,282     |
| Income before income taxes .....                              | 12,557,951    | 11,913,536    |
| INCOME TAXES .....                                            | 6,955,571     | 5,023,187     |
| Net income before eliminating minority interest .....         | 5,602,380     | 6,890,349     |
| Minority interest in net income of subsidiaries ..            | 119,368       | 118,831       |
| NET INCOME .....                                              | \$ 5,483,012  | \$ 6,771,518  |

## Statement of Consolidated Earned Surplus

Year ended January 31, 1967 with comparative figures for 1966

|                                  | 1967         | 1966         |
|----------------------------------|--------------|--------------|
| AMOUNT AT BEGINNING OF YEAR .... | \$25,411,526 | \$20,140,008 |
| NET INCOME .....                 | 5,483,012    | 6,771,518    |
|                                  | 30,894,538   | 26,911,526   |
| DIVIDENDS PAID .....             | —            | 1,500,000    |
| AMOUNT AT END OF YEAR .....      | \$30,894,538 | \$25,411,526 |

## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Gamble Macleod Limited and Subsidiaries as of January 31, 1967 and the statements of consolidated income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earned surplus present fairly the financial position of the companies at January 31, 1967 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



## GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

### *Notes to Consolidated Financial Statements*

January 31, 1967

1. The promissory note is payable as follows:

|                     |      |                  |
|---------------------|------|------------------|
| July 15, 1967 ..... | U.S. | \$ 200,000       |
| July 15, 1968 ..... | U.S. | 2,000,000        |
| July 15, 1969 ..... | U.S. | <u>6,000,000</u> |

2. These financial statements represent a consolidation of the accounts of the parent company, Gamble Macleod Limited, and those of all subsidiary companies except Growth Acceptance Corporation Limited, a wholly-owned finance company, which is excluded because its operations are not in the merchandising field. The net earnings of Growth Acceptance Corporation Limited from the date of acquisition to January 31, 1967 of \$131,177 less the dividends paid of \$61,699 have been added to the carrying value of the investment in the consolidated accounts.

3. The sinking fund debentures are redeemable at the option of the company at percentages ranging from 105.40% in 1967 to 100.30% in 1984 and are redeemable for mandatory sinking fund requirements at the principal amount plus accrued interest. The company has undertaken to establish a sinking fund for the debentures by paying to the trustee a sum sufficient to retire \$1,000,000 principal amount of debentures each year from July 15, 1970 to July 15, 1983 inclusive. The conditions attaching to the 6% sinking fund debentures impose certain restrictions on the bulk sale of the business, the incurring of rental obligations, the pledging of fixed assets, the creating of additional funded obligations, and the payment of dividends.

4. The terms of the debentures require the company to redeem debentures of a principal amount of \$300,000 each year up to and including 1981 and to redeem the balance in 1982.

|                                                     | 1967               | 1966             |
|-----------------------------------------------------|--------------------|------------------|
| Balance outstanding at beginning of year .....      | \$5,200,000        | 5,600,000        |
| Debentures purchased for sinking fund requirements: |                    |                  |
| Account — 1966 .....                                | —                  | 300,000          |
| Account — 1967 .....                                | 200,000            | 100,000          |
| Balance outstanding at end of year .....            | <u>\$5,000,000</u> | <u>5,200,000</u> |

5. There are outstanding share purchase warrants of Marshall Wells Limited, a subsidiary company, entitling the minority shareholders, on or before May 15, 1967, to purchase 154,295 preferred shares of that company at \$7 per share.

6. The company has agreed to pay the trustee for the bondholders a sum sufficient to retire Series A Bonds of a principal amount of \$60,000 on December 1 in each year up to and including 1980.

7. The company has agreed to pay to the trustee for the bondholders a sum sufficient to retire Series B Bonds of a principal amount of \$135,000 on March 1 in each year up to and including 1985.

8. Promissory note payable, due February 18, 1968:

|                                                   |                    |
|---------------------------------------------------|--------------------|
| 6% Canadian funds .....                           | \$ 700,000         |
| 3¼% Canadian equivalent of U.S. \$2,300,000 ..... | 2,485,094          |
|                                                   | <u>\$3,185,094</u> |

9. Last year the company's interest in its wholly-owned subsidiary, Macleod's Store Properties Limited was included in the consolidated balance sheet as an investment. This year the assets, liabilities, income and expenditures of the company have been combined with the corresponding items in the consolidated financial statements of Gamble Macleod Limited and its other subsidiaries. This presentation accounts in part for the disparity between certain assets, liabilities, income and expenditure of the year under review as compared with the previous year.

10. The consolidated income for the current year includes the net income of Marshall Wells Limited, a subsidiary, amounting to \$777,189, as compared with the net income for a period of three months only (the period subsequent to acquisition of control) amounting to \$227,685 in the previous year.

# GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

## 10 Year Comparison

|                                  | 1967                      | 1966 <sup>(1)</sup>       | 1965 <sup>(2)</sup>       | 1963          |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------|
| SALES .....                      | \$175,451,794             | \$157,779,780             | \$149,495,772             | \$127,387,540 |
| INCOME FROM OPERATIONS .....     | 12,319,823                | 10,453,005                | 11,058,506                | 9,570,930     |
| INCOME FROM INVESTMENTS .....    | 15,000                    | 2,124,911                 | 216,176                   | 1,525,325     |
| CAPITAL GAINS .....              | 103,760                   | 17,817                    | 549,179                   | —             |
| INCOME BEFORE INCOME TAXES ..... | 12,438,583                | 12,595,733                | 11,823,861                | 11,096,255    |
| INCOME TAXES .....               | 6,955,571                 | 5,434,187                 | 6,072,246                 | 4,954,434     |
| NET INCOME .....                 | 5,483,012                 | 7,161,546                 | 5,751,615                 | 6,141,821     |
| WORKING CAPITAL .....            | 32,368,456                | 29,946,814                | 35,114,620                | 35,694,761    |
| FUNDED DEBT .....                | 35,045,094                | 29,066,250                | 35,801,875                | 8,718,500     |
| SHAREHOLDERS EQUITY .....        | 30,969,538 <sup>(3)</sup> | 25,486,526 <sup>(3)</sup> | 29,103,046 <sup>(3)</sup> | 44,977,479    |
| DIVIDENDS PAID                   |                           |                           |                           |               |
| To Preferred Shareholders .....  | —                         | —                         | 356,775                   | 371,175       |
| To Common Shareholders .....     | —                         | 1,500,000                 | 973,257                   | 681,321       |
| FUNDS RETAINED IN THE BUSINESS   |                           |                           |                           |               |
| Income Retained .....            | 5,483,012                 | 5,661,546                 | 4,421,583                 | 5,089,325     |
| Depreciation .....               | 1,823,861                 | 1,427,995                 | 1,272,254                 | 1,125,787     |
|                                  | 7,306,873                 | 7,089,541                 | 5,693,837                 | 6,215,112     |
| VALUE OF EMPLOYEES RETIREMENT    |                           |                           |                           |               |
| SECURITY PLAN TRUST FUND .....   | 10,704,282                | 10,071,108                | 8,967,836                 | 7,530,865     |
| NUMBER OF EMPLOYEES              | 4,738                     | 4,416                     | 4,043                     | 3,958         |
| NUMBER OF STORES                 |                           |                           |                           |               |
| Company Owned .....              | 265                       | 262                       | 257                       | 247           |
| Dealer Owned .....               | 638                       | 622                       | 603                       | 605           |
|                                  | 903                       | 884                       | 860                       | 852           |

NOTE 1 — The year 1966 reflects the results for the full year of all consolidated subsidiaries, and includes an amount of \$390,028 pre-acquisition earnings of a subsidiary acquired during the year.

NOTE 2 — The year 1965 reflects the change in accounting period for Gamble Macleod Limited from a calendar year to a fiscal year ending January 31, and indicates the financial results of the company and its consolidated subsidiaries for the thirteen months ended January 31, 1965.



| 1962          | 1961          | 1960          | 1959          | 1958          | 1957         |
|---------------|---------------|---------------|---------------|---------------|--------------|
| \$116,761,004 | \$106,907,914 | \$106,802,165 | \$112,213,019 | \$104,980,270 | \$96,062,541 |
| 8,868,225     | 7,278,470     | 7,425,628     | 8,489,044     | 8,315,233     | 7,696,269    |
| 59,775        | 264,575       | 367,275       | 444,887       | 219,453       | 54,660       |
| —             | ( 2,000)      | 3,063         | 393,744       | 8,032         | 103,613      |
| 8,928,000     | 7,541,045     | 7,795,966     | 9,327,675     | 8,542,718     | 7,854,542    |
| 4,605,661     | 3,701,804     | 3,804,614     | 4,299,513     | 3,938,106     | 3,667,936    |
| 4,322,339     | 3,839,241     | 3,991,352     | 5,028,162     | 4,604,612     | 4,186,606    |
| 32,889,715    | 30,535,508    | 28,144,416    | 27,011,981    | 24,249,431    | 28,475,030   |
| 9,064,500     | 9,471,500     | 10,019,000    | 10,225,000    | 10,540,000    | 7,375,000    |
| 39,588,154    | 35,855,199    | 33,126,029    | 30,241,424    | 25,557,844    | 33,066,603   |
| 366,375       | 367,975       | 375,975       | 350,388       | 343,553       | 198,286      |
| 834,009       | 742,396       | 823,472       | 817,894       | 8,613,195     | 662,915      |
| 3,121,955     | 2,728,870     | 2,791,905     | 3,859,880     | (4,352,136)   | 3,325,405    |
| 973,493       | 926,726       | 938,770       | 793,754       | 703,965       | 535,416      |
| 4,095,448     | 3,655,596     | 3,730,675     | 4,653,634     | (3,648,171)   | 3,860,821    |
| 6,688,971     | 6,321,432     | 5,670,126     | 5,214,046     | 4,487,380     | 3,846,221    |
| 3,734         | 3,414         | 3,333         | 3,431         | 3,359         | 3,273        |
| 240           | 224           | 211           | 205           | 192           | 178          |
| 575           | 579           | 564           | 535           | 516           | 484          |
| 815           | 803           | 775           | 740           | 708           | 662          |

The consolidated net income has been restated from that previously reported to include for comparison the total income for the year of the consolidated subsidiaries but after deducting minority interest in profits of the subsidiaries. No provision for minority interests in profits of the subsidiaries has been reflected for the years 1957 to 1963.

NOTE 3 — The Shareholders' equity for 1965 and subsequent years is after eliminating therefrom the equity acquired in consolidated subsidiaries.

NOTE 4 — See Note 9 to Financial Statements.

**Pan-American Games , Winnipeg, Canada**  
**July 22 to August 7, 1967**



**HISTORY OF THE PAN-AMERICAN GAMES:**

- 1st Games** — Buenos Aires, Argentina—2,513 athletes from 22 nations competed in 19 sports. Argentina won.
- 2nd Games** — Mexico City, Mexico—March 12 to March 26, 1955. 2,583 athletes from 21 nations competed in 19 sports. Argentina, U.S.A. and Mexico dominated the scoring.
- 3rd Games** — Chicago, U.S.A. — Aug. 27 to Sept. 7, 1959. 2,263 athletes from 25 nations competed in 18 sports. U.S.A. won.
- 4th Games** — Sao Paulo, Brazil—April 20 to May 5, 1963. 1,771 athletes from 22 nations competed in 19 sports. U.S.A. won.
- 5th Games** — WINNIPEG, CANADA — JULY 22 TO AUGUST 7, 1967. 3,500 ATHLETES EXPECTED.





*Gamble Macleod Limited*



Canada's Centennial Year, is also Macleods Golden Anniversary Year. On August 8, 1917, Macleods applied for a charter to do business in Western Canada. Then, Canada was celebrating her 50th birthday under the strain and burden of the First World War. Now, fifty years later, Canada's dynamic growth has astounded the world . . . and Macleods, keeping pace with Canada's forward march, is an unquestioned part of the nation's glowing story of progress.